

THE COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

**DEPARTMENT OF  
TELECOMMUNICATIONS & ENERGY**

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November 4, 2004

Robert N. Werlin, Esq.  
John K. Habib, Esq.  
Keegan, Werlin & Pabian LLP  
265 Franklin Street  
Boston, MA 02110  
FOR: Boston Edison Company and Commonwealth Electric Company

RE: Department's Second Set of Information Requests to Boston Edison Company and  
Commonwealth Electric Company  
NSTAR/NEA PPA Restructuring Agreements - D.T.E. 04-85

Dear Messrs. Werlin and Habib:

Enclosed please find the Department of Telecommunications and Energy's Second Set of Information Requests to Boston Edison Company and Commonwealth Electric Company in the above-referenced proceeding. Please provide the requested answers by November 12, 2004. If you have any questions on this request, please contact me at (617) 305-3613.

Sincerely,

/s/

Joan Foster Evans  
Hearing Officer

cc. Mary L. Cottrell, Secretary  
Service List  
Staff as assigned

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**SECOND SET OF INFORMATION REQUESTS  
D.T.E. 04-85**

Pursuant to 220 C.M.R. § 1.06 (6)(c), the Department of Telecommunications and Energy ("Department") submits to Boston Edison Company and Commonwealth Electric Company ("Companies") the following Information Requests.

**I. Instructions**

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Companies in this proceeding.

1. Each request should be answered in writing on a separate three-hole punched page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Please do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Companies or their witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term "provide complete and detailed documentation" means:  
  
Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting workpapers.
5. The term "document" is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If the Companies find that any one of these requests is ambiguous, please notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. If a question refers to an Information Request of another party, please provide that response and answer with information that supplements the previous response.

8. Please serve a copy of the responses on Mary L. Cottrell, Secretary of the Department; also submit two (2) copies of the responses to Joan Foster Evans, Hearing Officer, and one copy each to Sean Hanley, Miguel Maravi, and Xuan Yu of the Rates and Revenue Requirements Division, and Robert Harrold, Boris Shapiro, and Marilyn Ross of the Electric Power Division.

## **II. Information Requests**

- IR-DTE 2-1 Refer to Exh. NSTAR-GOL, Page 12, lines 11 through 14. Please explain the economic reasons why the pricing provisions of the NEA-A, NEA-B and NEA-2 contracts include provisions for fixed payments, while the pricing provisions for the NEA-1 contract includes a combination of fixed and variable prices linked to the price of fuel.
- IR-DTE 2-2 Refer to Exh. NSTAR-GOL, Page 10, line 19, through page 11 line 1. Please explain the economic reasons for the inclusion of NSTAR Electric's full portfolio of PPAs within the scope of the 2003 Auction, as listed in Exh. NSTAR-GOL-1. As part of this response, explain why the Vermont Yankee unit was included in the 2003 Auction when the Companies had previously restructured the PPA for this unit, as noted on lines 15 and 16 of Page 10.
- IR-DTE 2-3 Refer to Exh. NSTAR-GOL, page 13, lines 15 to 17, discussing the differences between the existing NEA PPAs, and the NEA Restructuring. Mr. Lubbock states, "[t]he principal difference is that NEA may satisfy its delivery obligation to deliver Contract Energy from any source of supply available to NEA." Please provide the corresponding provisions in the Existing PPAs that were modified by the NEA Restructuring, and explain the reason for the changes.
- IR-DTE 2-4 Refer to Exh. NSTAR-GOL, Page 13, lines 17 through 19, where it states, "Contract Energy delivered to NSTAR Electric under an Amended and Restated PPA by NEA, or on behalf of NEA's suppliers or designees, will be deemed delivered by NEA." Please explain the circumstances under which the suppliers or designees of NEA will deliver Contract Energy to NSTAR, and list those supplier or designees.
- IR-DTE 2-5 Refer to Exh. NSTAR-GOL, Page 14, lines 2 through 6, and Appendix A at 31, 167, 278, and 359. Please provide the corresponding Facility Bus provisions under the Existing PPAs. Explain the reasons for the change.
- IR-DTE 2-6 Refer to Exh. NSTAR-GOL, Page 14, lines 7 through 13, where it states, "These capacity quantities are comparable to the quantities currently received under the existing agreements and will be delivered from Bellingham Facility so long as NEA continues to own the Facility. Should NEA sell the Facility, NEA may source capacity from the market." Please explain if NEA would continue to comply with the Capacity Requirements stated in Appendix A at 30, 165, 276, and 357 of the Petition, if NEA sells the Facility. Provide the respective provisions of the Appendix that specify how the Companies would proceed in such case.

- IR-DTE 2-7 Refer to Exh. NSTAR-GOL, Page 15, lines 5 through 10. Please provide the corresponding provisions in the Existing PPAs concerning delivery of energy and capacity, and explain the reason for the changes found in the NEA Restructuring.
- IR-DTE 2-8 Refer to Exh. NSTAR-GOL, Page 15, lines 10 to 21, and Appendix A of the Companies' Petition, Pages 39, 175, 286 and 367. Please provide the corresponding provisions in the Existing PPAs concerning Energy Payment, and explain the reasons for the changes found in the NEA Restructuring.
- IR-DTE 2-9 Refer to Exh. NSTAR-GOL, Page 15, line 21, through Page 16, line 3, and Appendix A of the Companies' Petition, Appendix A at 40-41, 176, 287 and 368. Please provide the corresponding provisions in the Existing PPAs concerning Capacity Payment, and explain the reasons for the changes found in the NEA Restructuring.
- IR-DTE 2-10 Refer to Exh. NSTAR-GOL, Page 16, lines 4 to 14, and Footnote 2 on Page 16. Please provide a chart comparing the data found in columns D and E, page 8, of Confidential Exh. NSTAR-BEC-GOL-4, with the corresponding data under the Existing PPAs.
- IR-DTE 2-11 Refer to Exh. NSTAR-GOL, Page 16, lines 4 through 14 and Footnote 2 on the same page. Please provide a chart comparing the data found in columns D and E, page 15, of Confidential Exh. NSTAR-COM-GOL-4, with the corresponding data under the Existing PPAs.
- IR-DTE 2-12 Refer to Exh. NSTAR-GOL, Page 23, lines 1 through 11. Please explain the calculations and assumptions for the \$15,000,000 limit on any adjustment to the Bid Price Amount.
- IR-DTE 2-13 Refer to Exh. NSTAR-GOL, Page 23, lines 1 through 11. Please explain the economic or financial factors that were used to determine the use of a \$15,000,000 limit on adjustments to the Bid Price Amount over or under the benchmark payment of \$12,566,453.
- IR-DTE 2-14 Refer to the Petition, Appendix at 16-17, 5.5, Closing Payment. Please explain in detail how these provisions benefit the Companies' customers.
- IR-DTE 2-15 Refer to Exh. NSTAR-RBH, Page 7, lines 16 through 20. Please describe the criteria for the Bid Evaluation and Recommendations for each participant in the auction, and describe briefly how the auction winner was ultimately selected.

- IR-DTE-2-16 Refer to Exh. NSTAR-GOL at 11-12. The Companies identify the entitlements in the four PPAs to purchase power from the NEA generating facility located in Bellingham, MA: (1) NEA-A is for 46.6 percent of the unit; (2) NEA-B PPA is for 28.9 percent of the unit; (3) NEA-1 PPA is for 8.6 percent of the unit; (4) NEA-2 PPA is for 7.2 percent of the unit. Please explain why the sum of these percentage is 91.3 percent, which is less than 100 percent, and explain the usage for the remaining 8.7 percent of the unit.
- IR-DTE-2-17 Refer to the Companies' responses to IR-AG-1-8 and IR-AG-1-9. Please explain the reason why CEA uses the 50 percent debt and 50 percent equity to come up the discount rate while the Companies use the Actual Capital structure showed in IR-AG-1-9 to get their discount rates for each Company. In addition, please explain why the two companies are using different rates for debt and equity in these two responses.